

The Effect of Sustainability Report Disclosure, Firm Size, and Liquidity on Firm Value: Evidence from Indonesian Mining Companies

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Article Info	ABSTRACT
Article history: Received June, 2026 Revised July, 2026 Accepted July, 2026 Keywords: Firm Size; Firm Value; Liquidity; Mining Companies; Sustainability Report Disclosure.	This study examines whether sustainability report disclosure, firm size, and liquidity affect firm value in Indonesian mining companies. Mining firms operate in a capital-intensive and environmentally sensitive sector; therefore, investor valuation may be shaped not only by financial indicators but also by sustainability transparency. The study applies a quantitative explanatory design using secondary data from mining-sector companies listed on the Indonesia Stock Exchange during 2020–2024. From a population of 39 firms, 14 companies were selected through purposive sampling, generating 70 firm-year observations. Firm value was measured using Price to Book Value, sustainability report disclosure was measured through a disclosure index, firm size used the natural logarithm of total assets, and liquidity used the current ratio. Multiple linear regression with SPSS 22 was employed after classical assumption testing. The results show that sustainability report disclosure has a negative and significant effect on firm value, with a coefficient of -73.065 and significance of 0.000. Firm size has a positive and significant effect, with a coefficient of 3.000 and significance of 0.000. Liquidity has a positive but insignificant coefficient of 0.874 and significance of 0.344. The model explains 42.5% of firm-value variation. These findings imply that sustainability disclosure in mining firms may be interpreted as a costly or risk-revealing signal unless supported by credible sustainability performance, while company scale remains a strong valuation signal. <i>This is an open access article under the CC BY-SA license.</i> 

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1. INTRODUCTION

Firm value is a central concern in corporate finance because it reflects how capital-market participants evaluate the prospects, risk, and performance of a company. In resource-based industries, firm

value becomes especially important because corporate operations are capital intensive, exposed to commodity-price volatility, and frequently associated with environmental and social externalities. The Indonesian mining sector is a strategic sector due to its mineral

resources, export contribution, and role in state revenue. At the same time, mining companies face stronger scrutiny from investors, regulators, communities, and environmental stakeholders. This condition makes the valuation of mining companies dependent not only on conventional financial performance, but also on broader information about governance, sustainability, and operational resilience.

Sustainability reporting has become an important element of corporate transparency because it communicates economic, environmental, and social impacts to stakeholders. In Indonesia, the institutional relevance of sustainability disclosure increased after the issuance of POJK No. 51/POJK.03/2017, which requires financial institutions, issuers, and public companies to implement sustainable finance and disclose sustainability performance [1]. Internationally, the Global Reporting Initiative provides a widely used framework for reporting economic, environmental, and social impacts in a comparable form [2]. However, the existence of a disclosure framework does not automatically guarantee that investors will interpret sustainability information as value enhancing. Its valuation effect depends on credibility, comparability, sectoral risk, and perceived economic consequences.

The mining sector provides a critical setting for examining sustainability reporting because environmental and social issues are directly connected to operational legitimacy. Mining firms are expected to disclose how they manage environmental risk, community relations, social responsibility, and long-term resource-use consequences. In this setting, sustainability report disclosure may reduce information asymmetry and strengthen stakeholder trust, as suggested by stakeholder theory and signaling theory [3], [4]. Yet, the same disclosure may also reveal costly obligations, regulatory exposure, environmental liabilities, or operational risks. This dual interpretation makes the sustainability disclosure–firm value relationship theoretically important and empirically uncertain.

Prior literature confirms that the relationship between sustainability disclosure and firm value remains mixed. A systematic review of ESG and firm value studies shows that empirical findings vary across countries, sectors, and theoretical explanations, including stakeholder theory, agency theory, and legitimacy theory [5]. Friske et al. [6] found that voluntary sustainability reporting can initially be negatively related to Tobin's Q before the association becomes more positive over time. Similarly, Angir [7] documented a negative direct effect of ESG disclosure on firm value in Indonesian listed companies. Abdi et al. [8] further show that the ESG disclosure–firm value relationship can be moderated by organizational characteristics such as firm size and firm age, indicating that sustainability information is valued differently across firms. These findings indicate that sustainability disclosure can be interpreted as a costly or risk-revealing signal when disclosure quality, credibility, or investor learning remains limited.

In addition to sustainability reporting, firm size is frequently examined as a determinant of firm value. Large companies generally have greater resources, stronger visibility, better access to external financing, and broader operational capacity. In capital-intensive industries such as mining, these characteristics may be valued positively because scale can signal resilience, asset strength, and long-term operating capacity. Financial statement analysis links firm valuation to expected profitability, business risk, accounting quality, and prospects [9], [10]. Firm size therefore becomes relevant because it can shape investor expectations regarding production capacity, market power, and risk absorption.

Liquidity is another financial variable commonly associated with firm value because it reflects a company's ability to meet short-term obligations. A strong current ratio may signal short-term financial stability, while weak liquidity may raise concerns about solvency pressure and operational continuity. Nevertheless, the valuation effect of liquidity is not always straightforward. In mining companies, investors may emphasize long-

term assets, production potential, commodity cycles, profitability expectations, and reserve capacity more strongly than short-term liquidity. Recent empirical studies also show that liquidity and firm size can be tested as determinants of market-based firm value, but the strength of their effects may differ by sector and sample period [11], [12].

Indonesian evidence provides further motivation for the present study. Mutiha [13] showed that sustainability report disclosure quality in Indonesia remains an important issue, particularly because sustainability reporting adoption and quality have not been uniform across public companies. Latipatul Hamdah et al. [14] found in mining companies that the presence of sustainability reports affected firm value, while the extent of sustainability report disclosure did not necessarily have the same effect. Syakur and Khomsiyah [2] also examined sustainability reporting and green accounting in Indonesian mining companies, confirming that sustainability disclosure is highly relevant in environmentally sensitive sectors. These findings support the need for updated evidence on whether sustainability disclosure, firm size, and liquidity explain firm value in mining companies.

This study examines the effect of sustainability report disclosure, firm size, and liquidity on firm value in mining companies listed on the Indonesia Stock Exchange during 2020–2024. The study contributes to accounting and corporate finance literature by testing financial and non-financial determinants of firm value simultaneously in a high-impact sector. The novelty of the study lies in combining sustainability disclosure, company scale, and short-term financial capacity in the Indonesian mining context after the strengthening of sustainability reporting expectations. The study addresses three research questions: whether sustainability report disclosure affects firm value, whether firm size affects firm value, and whether liquidity affects firm value.

2. LITERATURE REVIEW

2.1 *Stakeholder Theory and Sustainability Disclosure*

Stakeholder theory provides a foundational explanation for why sustainability disclosure may affect firm value. Freeman [3] argues that companies are accountable not only to shareholders but also to broader stakeholders affected by corporate activities. In mining companies, stakeholders include investors, regulators, local communities, employees, suppliers, creditors, and the natural environment. Because mining activities can generate significant environmental and social consequences, stakeholder expectations are especially salient. Sustainability reports become an accountability mechanism through which firms communicate how they respond to these expectations.

From a stakeholder perspective, sustainability disclosure can create firm value when it strengthens trust, legitimacy, and long-term relationships. Lins et al. [15] showed that firms with higher social capital performed better during the financial crisis, indicating that stakeholder trust has economic value under uncertainty. Eccles et al. [16] also found that firms with stronger sustainability policies develop governance and stakeholder-engagement processes associated with long-term performance. These studies support the proposition that sustainability disclosure may be value relevant when it reflects substantive sustainability strategy rather than symbolic reporting.

2.2 *Signaling Theory and Market Interpretation*

Signaling theory explains the role of information in reducing asymmetry between company management and external investors. Spence [4] argues that information owners send signals to receivers to communicate underlying quality. In corporate valuation, annual reports, sustainability reports, firm size, liquidity, and other financial indicators

can become signals that investors use to evaluate future prospects. However, a signal affects valuation only when it is credible, observable, and interpreted as economically meaningful.

Sustainability disclosure may function as a positive signal when it indicates effective environmental management, transparent governance, and reduced long-term risk. However, it may also operate as an ambiguous signal in high-risk sectors. López-Santamaría et al. [17] explain that sustainability disclosure can communicate intent and credibility, but it may also be interpreted as camouflage when stakeholders suspect symbolic compliance. Hawn and Ioannou [18] further show that corporate sustainability creates value when internal sustainability actions and external communication are aligned. Thus, sustainability disclosure is more likely to increase firm value when reporting is supported by credible performance

2.3 Third Literature

Firm value reflects market perception of a company's economic prospects, risk, and managerial effectiveness. Valuation theory links firm value to expected future profitability and risk [9]. In market-based accounting research, firm value is often measured through indicators such as Price to Book Value and Tobin's Q. Price to Book Value captures how far the market values a firm relative to its book equity and is therefore appropriate for examining investor valuation of listed companies.

Firm value is influenced by both financial and non-financial information. Wahlen et al. [10] emphasize that valuation requires analysis of accounting quality, profitability, business risk, and expected future performance. Non-financial information can complement financial statements when it helps investors assess long-term risk and sustainability prospects. In mining companies, sustainability information may therefore enter valuation through perceived environmental risk, legitimacy,

compliance exposure, and long-term operating continuity.

2.4 Sustainability Report Disclosure

Sustainability report disclosure refers to the communication of economic, environmental, and social performance to stakeholders. The GRI Standards provide a structured framework for organizations to disclose impacts on the economy, environment, and people [2]. In Indonesia, POJK No. 51/POJK.03/2017 provides regulatory support for sustainability reporting by requiring public companies to implement sustainable finance reporting [1]. These institutional developments create a stronger expectation that listed firms disclose sustainability information in a systematic manner.

Empirical findings remain inconclusive. Friske et al. [6] found that voluntary sustainability reporting initially had a negative relationship with Tobin's Q, although the relationship became more positive over time. Angir and Weli [7] found that ESG disclosure had a negative direct effect on firm value in Indonesian listed companies. By contrast, Latipatul Hamdah et al. [14] found that sustainability report disclosure positively affected firm value in Indonesian energy-sector companies. This inconsistency indicates that the impact of disclosure depends on sectoral risk, reporting credibility, investor interpretation, and the link between disclosure and financial performance.

2.5 Firm Size

Firm size represents the scale of company resources and is commonly measured using total assets, total sales, or market capitalization. In this study, firm size is measured using the natural logarithm of total assets. Large companies are generally assumed to have stronger financing access, better market visibility, more diversified operations, and greater ability to absorb business shocks. For mining firms, size is particularly relevant because operations require substantial

assets, technology, capital expenditure, and long-term investment.

The relationship between firm size and firm value is theoretically positive when investors interpret scale as a signal of stability and growth capacity. Widyakto et al. [12] tested firm size, liquidity, capital structure, and profitability as determinants of company value measured by Price to Book Value in Indonesian manufacturing firms. Hanaffy [11] also examined firm size and liquidity as determinants of firm value in Indonesian listed companies. These studies show that firm size remains a relevant explanatory variable in valuation research, although sectoral context may influence the magnitude and direction of the effect.

2.6 Liquidity

Liquidity reflects a company's ability to meet short-term obligations using current assets. The current ratio is commonly used to measure liquidity because it compares current assets with current liabilities. Liquidity may affect firm value when investors interpret strong short-term solvency as a sign of financial stability. However, excessive liquidity can also indicate idle assets or inefficient use of resources if current assets are not converted into productive investment.

The relevance of liquidity may differ between industries. In mining firms, long-term assets, reserves, production capacity, commodity-price expectations, and financing structure may dominate valuation decisions. Therefore, liquidity may not be statistically decisive even when it has a positive regression coefficient. This argument is consistent with the broader valuation perspective that firm value depends on a combination of risk, profitability, accounting information, and expected future performance rather than one short-term ratio alone [10].

2.7 Research Framework and Hypotheses

Based on stakeholder theory and signaling theory, sustainability report

disclosure is expected to influence firm value because it communicates social, environmental, and governance-related information to investors and stakeholders. Firm size is expected to affect firm value because company scale signals resource strength and operating capacity. Liquidity is expected to affect firm value because it reflects short-term financial health. The conceptual framework positions sustainability report disclosure, firm size, and liquidity as independent variables and firm value as the dependent variable.

The hypotheses are formulated as follows: H1, sustainability report disclosure affects firm value; H2, firm size affects firm value; and H3, liquidity affects firm value. The hypotheses are tested using mining-sector firms listed on the Indonesia Stock Exchange during 2020–2024.

3. METHODS

This study uses a quantitative explanatory research design. The explanatory design is appropriate because the objective is to test hypothesized relationships among variables and determine whether sustainability report disclosure, firm size, and liquidity affect firm value. A correlational quantitative approach is consistent with business research methods when the purpose is to examine the relationship between two or more variables using numerical data and statistical analysis [19].

The study applies multiple linear regression because the dependent variable is firm value and the independent variables consist of sustainability report disclosure, firm size, and liquidity. Regression analysis is appropriate for estimating relationships between dependent and independent variables in observational business data, provided that model assumptions are assessed carefully [20].

The population consists of all mining-sector companies listed on the Indonesia Stock Exchange during 2020–2024. The population includes 39 companies. The

sample was selected using purposive sampling based on three criteria: the company was listed on the Indonesia Stock Exchange during the five-year observation period, the company provided complete financial statements during the period, and the company reported positive profit. Based on these criteria, 14 companies were selected, generating 70 firm-year observations.

The study uses secondary data obtained from annual reports, financial reports, sustainability reports, and company information available through official sources, especially the Indonesia Stock Exchange. The Indonesia Stock Exchange provides official company reports and sustainability-related information for listed firms [11]. The use of report-based disclosure data is consistent with prior ESG and sustainability-disclosure studies that apply content analysis to annual and sustainability reports [7], [13].

Firm value is the dependent variable and is measured using Price to Book Value. Price to Book Value compares the market price per share with book value per share and reflects market valuation relative to accounting equity. This measure is suitable because it captures investor perception of firm prospects and asset value.

Sustainability report disclosure is the first independent variable. It is measured using a disclosure index based on the proportion of sustainability items disclosed by a company relative to the expected disclosure items. The construction of sustainability disclosure indices is supported by structured sustainability reporting frameworks such as the GRI Standards, which

classify economic, environmental, and social disclosures [21].

Firm size is the second independent variable and is measured using the natural logarithm of total assets. This transformation is commonly used to reduce scale differences across firms and to represent company size more proportionally. Liquidity is the third independent variable and is measured using the current ratio, calculated by dividing current assets by current liabilities.

The data were analyzed using SPSS 22. The main analytical technique is multiple linear regression with the following model: $\text{Firm Value} = \alpha + \beta_1 \text{Sustainability Report Disclosure} + \beta_2 \text{Firm Size} + \beta_3 \text{Liquidity} + \varepsilon$. The model estimates the partial effect of each independent variable on firm value while controlling for the other independent variables.

Before hypothesis testing, the study conducted classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Gujarati and Porter [22] state that regression analysis requires diagnostic testing to support valid estimation. In applied accounting research, Kolmogorov–Smirnov tests, tolerance and VIF, scatterplots, and Durbin–Watson statistics are commonly used to evaluate these assumptions [23].

Hypothesis testing was conducted using partial t-tests. A significance level of 5% was used to determine whether each independent variable significantly affected firm value. The coefficient of determination was used to evaluate how much variation in firm value was explained by sustainability report disclosure, firm size, and liquidity.

Table 1. Sample Companies

No.	Company	Stock Code	Listing Date
1	PT Alamtri Resources Indonesia Tbk.	ADRO	16 July 2008
2	PT Baramulti Suksessarana Tbk	BSSR	8 November 2012
3	PT Golden Energy Mines Tbk	GEMS	17 November 2011
4	PT Harum Energy Tbk	HRUM	6 October 2010
5	PT Indo Tambangraya Megah Tbk	ITMG	18 December 2007
6	PT Mitrabara Adiperdana Tbk	MBAP	10 July 2014
7	PT Bukit Asam Tbk	PTBA	23 December 2002
8	PT Dwi Guna Laksana Tbk	DWGL	13 December 2017
9	PT Sumber Global Energy Tbk	SGER	10 August 2020
10	PT Merdeka Copper Gold Tbk	MDKA	19 June 2015

11	PT Aneka Tambang Tbk	ANTM	27 November 1997
12	PT Bumi Resources Minerals Tbk	BRMS	9 December 2010
13	PT Ifishdeco Tbk	IFSH	5 December 2019
14	PT Vale Indonesia Tbk	INCO	16 May 1990

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The study uses 70 firm-year observations obtained from 14 mining-sector companies listed on the Indonesia Stock Exchange during 2020–2024. The descriptive statistics indicate meaningful variation in sustainability report disclosure, firm size, liquidity, and firm value among the sampled firms.

Sustainability report disclosure has a mean of 0.3320 with a standard

deviation of 0.07994, indicating that the level of disclosure is moderate and relatively less dispersed than the mean. Firm size has a mean of 18.0403 and a standard deviation of 2.80035, showing differences in company scale across the sample. Liquidity has a mean of 2.3303 and a standard deviation of 1.53451, indicating variation in short-term financial capacity. Firm value has a mean of 19.0736 and a standard deviation of 14.79829, indicating substantial differences in market valuation.

Table 2. Descriptive statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Sustainability Report Disclosure	0.13	0.49	0.3320	0.07994
Firm Size	13.44	22.38	18.0403	2.80035
Liquidity	0.70	10.07	2.3303	1.53451
Firm Value	1.14	52.01	19.0736	14.79829

Source: Processed primary data (2025)

4.2 Classical Assumption Tests

The classical assumption tests indicate that the regression model is statistically acceptable for hypothesis testing. The Kolmogorov–Smirnov normality test produced an Asymp. Sig. value of 0.196, which is greater than 0.05. Therefore, the residuals are normally distributed. The multicollinearity test

shows tolerance values above 0.10 and VIF values below 10 for all independent variables. The Durbin–Watson value is 1.645, indicating no serious autocorrelation problem based on the study’s interpretation. The scatterplot also shows randomly distributed residual points, indicating no heteroscedasticity pattern.

Table 3. Classical assumption test summary

Assumption	Indicator	Result	Interpretation
Normality	Kolmogorov–Smirnov Asymp. Sig.	0.196	Normal
Multicollinearity	Tolerance SRD / Size / Liquidity	0.972 / 0.943 / 0.919	No multicollinearity
Multicollinearity	VIF SRD / Size / Liquidity	1.029 / 1.060 / 1.088	No multicollinearity
Autocorrelation	Durbin–Watson	1.645	No serious autocorrelation
Heteroscedasticity	Scatterplot pattern	Random spread	No heteroscedasticity

4.3 Multiple Linear Regression

The regression equation obtained from the analysis is: Firm Value = 12.834 – 73.065 Sustainability Report Disclosure + 3.000 Firm Size + 0.874 Liquidity + ε . The

constant of 12.834 indicates the predicted value of firm value when all independent variables are held at zero. Sustainability report disclosure has a negative coefficient of –73.065. Firm size has a

positive coefficient of 3.000, and liquidity has a positive coefficient of 0.874.

Table 4. Regression and hypothesis testing results

Variable	Coefficient	t-value	Sig.	Decision
Constant	12.834			
Sustainability Report Disclosure	-73.065	-4.262	0.000	Significant negative effect; H1 accepted
Firm Size	3.000	6.041	0.000	Significant positive effect; H2 accepted
Liquidity	0.874	0.952	0.344	Not significant; H3 rejected

4.4 Hypothesis Testing

The first hypothesis is accepted because sustainability report disclosure has a significance value of 0.000, which is below 0.05. However, the coefficient is negative, indicating that higher disclosure is associated with lower firm value in the sampled mining companies. This result is consistent with studies showing that sustainability disclosure can be negatively priced when investors interpret it as costly, risk-revealing, or insufficiently connected to financial outcomes [6], [7].

The second hypothesis is accepted because firm size has a significance value of 0.000 and a positive coefficient. This indicates that larger mining companies tend to have higher firm value. The result supports the argument that firm scale is a favorable market signal because larger firms are perceived as having stronger resources, better financing access, and greater operational resilience.

The third hypothesis is rejected because liquidity has a significance value of 0.344, which is above 0.05. Although the coefficient is positive, liquidity does not statistically affect firm value. This result suggests that investors in mining firms may place greater emphasis on long-term assets, business prospects, profitability expectations, commodity exposure, and company scale than on short-term liquidity.

4.5 Coefficient of Determination

The coefficient of determination shows an R Square of 0.450 and an Adjusted R Square of 0.425. This means that sustainability report disclosure, firm

size, and liquidity explain 42.5% of the variation in firm value. The remaining 57.5% is explained by other variables outside the model, such as profitability, leverage, governance quality, commodity prices, market sentiment, investment decisions, and macroeconomic conditions.

4.6 Discussion

The negative and significant effect of sustainability report disclosure on firm value is an important empirical finding. The coefficient of -73.065, t-value of -4.262, and significance of 0.000 indicate that higher disclosure is associated with lower market valuation in the sampled mining companies. This finding contradicts the initial expectation that sustainability reporting would enhance firm value through transparency, accountability, and stakeholder trust.

One possible explanation is that sustainability reporting in mining firms may be interpreted by investors as a signal of exposure to environmental costs, social obligations, or regulatory risk. In environmentally sensitive industries, firms with broader disclosure may reveal more information about environmental responsibilities and operational impacts. This interpretation is consistent with Friske et al. [6], who found that sustainability reporting can initially be negatively associated with Tobin's Q before the relationship becomes more positive over time. It is also consistent with Angir and Weli [7], who found a negative direct effect of ESG disclosure on firm value in Indonesian listed companies.

The result does not imply that sustainability reporting is unimportant. Rather, it suggests that disclosure alone may not be sufficient to create valuation benefits. Hawn and Ioannou [18] argue that sustainability value depends on the alignment between internal sustainability actions and external communication. López-Santamaría et al. [17] also warn that sustainability disclosure may be interpreted as camouflage when stakeholders suspect symbolic reporting. Therefore, mining firms need to strengthen the substance, credibility, and comparability of sustainability information so that disclosure is perceived as evidence of risk management and long-term value creation.

The Indonesian reporting context also matters. Since POJK No. 51/POJK.03/2017 requires public companies to disclose sustainability performance, investors may perceive some disclosure as regulatory compliance rather than voluntary commitment [1].

The GRI Standards emphasize comparable and credible disclosure, but valuation benefits depend on how far companies connect reporting with measurable sustainability outcomes [2]. For mining companies, sustainability disclosure must therefore be supported by clear environmental performance, governance quality, and stakeholder engagement.

Firm size has a positive and significant effect on firm value. The coefficient of 3.000, t-value of 6.041, and significance of 0.000 indicate that larger mining firms tend to have higher firm value. This result supports the theoretical argument that scale represents financial strength, operational capacity, visibility, and resilience.

In mining industries, firm size is particularly important because operations require substantial assets, large capital expenditure, advanced technology, and long-term production planning. Large firms are more likely to have access to

external financing and to possess the resources required to absorb regulatory, environmental, and commodity-price pressures. From a signaling perspective, company scale can reduce investor uncertainty because it signals resource capacity and market credibility. This interpretation is consistent with valuation theory, which links firm value to expected future performance and risk [9], [10].

The positive firm-size effect also suggests that investors may prioritize structural capacity over short-term ratios when valuing mining companies. Because mining companies depend heavily on long-lived assets and reserve potential, total asset scale may be interpreted as a stronger indicator of productive capacity than liquidity. This finding supports the use of firm size as a key explanatory variable in firm-value models, as shown by prior Indonesian valuation research [11], [12].

Liquidity does not significantly affect firm value, although the coefficient is positive. The t-value of 0.952 and significance of 0.344 indicate that current ratio variation is not sufficient to explain market valuation among the sampled mining companies. This result suggests that the market does not treat short-term payment capacity as the primary valuation factor in this sector.

The insignificant liquidity effect can be explained by the nature of mining companies. Investors may place greater weight on production capacity, reserves, commodity-price prospects, profitability, leverage, and long-term capital investment than on current assets relative to current liabilities. Liquidity is still important for operational stability, but a high current ratio does not necessarily indicate efficient asset use or stronger future earnings. Excess liquidity may even suggest idle resources when funds are not transformed into productive investment.

This finding reinforces the argument that firm value is multidimensional. Wahlen et al. [10]

explain that valuation depends on risk, profitability, accounting information, and expected future performance. Therefore, liquidity should be interpreted alongside other financial indicators rather than as a standalone determinant of market value. The model's adjusted R Square of 42.5% also indicates that other variables not included in the model remain important in explaining firm value.

The findings provide several theoretical implications. First, the negative sustainability disclosure effect suggests that stakeholder theory and signaling theory must be applied carefully in high-impact sectors. Disclosure may create value only when stakeholders perceive the information as credible and connected to substantive sustainability performance. Second, the positive firm-size effect confirms that company scale remains a strong market signal in capital-intensive industries. Third, the insignificant liquidity effect indicates that short-term financial stability may be less central than long-term operating capacity in mining valuation.

The practical implication is that mining companies should not rely on disclosure quantity alone. They need to improve the quality, credibility, and strategic relevance of sustainability reports. Sustainability disclosure should be connected to measurable environmental performance, governance mechanisms, stakeholder engagement, and financial risk management.

Investors should also interpret sustainability disclosure together with firm size, profitability, leverage, operational performance, and commodity-market prospects. Investment decisions should incorporate additional financial indicators.

For regulators, the finding suggests that sustainability reporting

standards should continue to emphasize comparability, assurance, and materiality so that disclosure becomes more decision useful. Regulators may consider developing industry-specific sustainability disclosure guidelines for mining companies to improve consistency, comparability and investor confidence.

5. Conclusion

This study examines the effect of sustainability report disclosure, firm size, and liquidity on firm value in mining-sector companies listed on the Indonesia Stock Exchange during 2020–2024. Using 70 firm-year observations from 14 companies and multiple linear regression analysis, the study finds that sustainability report disclosure has a negative and significant effect on firm value, firm size has a positive and significant effect, and liquidity does not significantly affect firm value.

The findings indicate that sustainability disclosure in mining companies may be interpreted by investors as a costly or risk-revealing signal when it is not clearly connected to credible sustainability performance and measurable economic benefits. By contrast, firm size functions as a strong positive valuation signal because larger mining companies are perceived as having greater resources, stronger operating capacity, better access to capital, and higher resilience in a capital-intensive industry. Liquidity remains important for short-term financial stability, but it is not a decisive determinant of market value in this sample.

Overall, the finding show that only firm size significantly influences firm value, while sustainability report disclosure and liquidity do not have a significant impact on the market valuation of mining companies during the study period. Future studies should include additional variables such as profitability, leverage, governance quality.

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